

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF OWEN ELECTRIC        )  
COOPERATIVE, INC. FOR AN ADJUSTMENT    )  
TO LARGE INDUSTRIAL RATES                )        CASE NO. 93-009

O R D E R

On March 15, 1993, Owen Electric Cooperative, Inc. ("Owen"), filed for Commission approval of a change to its Tariff Schedule VIII - Large Industrial Rate LPC1 ("Schedule VIII") and a new Tariff Schedule X - Large Industrial Rate LPC1-A ("Schedule X"). The proposed change to Schedule VIII would limit the availability of that schedule to customers with monthly demands between 1,000 and 2,499 kilowatts ("KW"). Presently, Schedule VIII is available to customers with demands between 1,000 and 4,999 KW. Owen is not proposing to change the rates on Schedule VIII. The proposed Schedule X would fill the void caused by the proposed change to Schedule VIII by being available to customers with demands between 2,500 and 4,999 KW.<sup>1</sup> The energy charge proposed for Schedule X is \$.02984 per kilowatt-hour ("KWH") as compared to the Schedule VIII rate of \$.03184 per KWH.

Owen states that it presently has no customers within the 2,500 to 4,999 KW demand level; therefore, neither customers' bills nor Owen's margins and financial position will be adversely

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<sup>1</sup> Existing Schedule IX is available for customers with demands exceeding 5,000 KW.

impacted as a result of the proposed changes. Owen further states that although prospective future margins will be less under the proposed Schedule X, as compared to the existing Schedule VIII, the proposed rates will be fair and equitable to prospective future customers and to Owen. Owen's analysis of future margins shows that at 60 to 90 percent load factors sales on Schedule X will generate gross margins 16 to 18 percent above wholesale power costs.

#### FINDINGS AND ORDERS

The Commission, based on the evidence of record and being sufficiently advised, finds that:

1. The proposed tariff changes will not impact any existing customers as Owen has no customers which currently qualify for the proposed Schedule X.

2. The proposed changes will not adversely impact Owen's current margins or financial position.

3. Prospective revenues generated by Schedule X will adequately cover the associated wholesale power cost and contribute to Owen's overall margins.

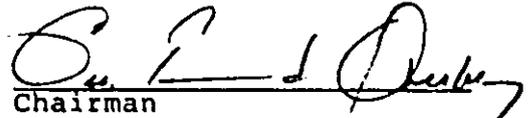
IT IS THEREFORE ORDERED that:

1. Tariff Schedules VIII and X proposed by Owen be and they hereby are approved effective with the date of this Order.

2. Within 20 days of the date of this Order, Owen shall file its new tariff sheets, appropriately signed and dated.

Done at Frankfort, Kentucky, this 1st day of April, 1993.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director